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ABSTRACT

As school districts increasingly encounter financial constraints and public demands for improved performance, some turn to private management. This paper summarizes the outcomes of private management in four school districts across the United States. Each case was unique. In Dade County (Florida), Education Alternatives, Inc. (EAI), was responsible only for the implementation of a new instructional program in one school; in Hartford (Connecticut) and Baltimore (Maryland), EAI had much broader management authority over a larger number of schools; and in Minneapolis (Minnesota), the president of Public Strategies Group managed the superintendency but not individual schools. The paper discusses common themes of the case studies and lessons learned from them. First, because of intense controversy surrounding private management, successful implementation requires a strong coalition of community support. Second, both parties need to clearly specify their expectations of each other in the contract. And finally, both parties should reach an agreement about how evaluation will be accomplished and how success will be defined. (LMI)

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The Private Management of Public Schools:
Lessons Learned From The Experiences of Four School Districts

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Each of the four instances of private management we studied was in many ways unique. In Dade County, the private company was only responsible for the implementation of a new instructional program in only one school; the company had no management authority over other aspects of the school. In Baltimore and Hartford, the private company had much broader management authority and a much larger number of schools. In Minneapolis, the superintendency was managed by a private company, but not individual schools.

In spite of these differences, we found common themes running through the experiences of these school districts, and believe that several lessons can be drawn from these experiences. First, because of the intense controversy surrounding private management, a strong coalition of community support is needed to ensure implementation—particularly for the larger-scale efforts which may be viewed as "takeovers". Second, both parties should be clear about their expectations and expectations should be specified in the contract. Third, early agreement should be reached on how evaluation will be accomplished and how success will be defined.

Strong Coalition of Support

The two efforts that enjoyed the most support--Dade County and Minneapolis--were characterized by a strong coalition of support--a factor which may have contributed to a smooth and non-controversial implementation. In Dade County we found almost no opposition to Education Alternatives Inc., (EAI) involvement in South Pointe. Nearly everyone we spoke with, from teachers and parents in the school, to district staff and school board members, spoke favorably of the arrangement. This may have been due largely to the early planning and involvement of key stakeholders. For example, Dade County's call for proposals went out while the school was still under construction, allowing ample time for the company to participate in the selection of the personnel for the school, thus assuring that the educational philosophies of the program implemented by the company and the philosophies of the school staff were compatible. In addition, a year was allowed for preparing for implementation, allowing sufficient time to train staff in the Tesseract way. Moreover, the decision to contract with EAI was a joint effort. The district made sure that key stakeholders--school board members, as well as the local teachers union--were involved in the early stages of the contracting process. In fact, EAI's first proposal, which specified school management authority, was rejected. This arrangement created a great deal of consternation in other districts we reviewed. Thus, by having all parties available to express their opinions before the contract was finalized, potential problems were avoided.

Similarly in Minneapolis, where the school board agreed to hire PSG as its superintendent, there was a strong coalition of support. Although the school board negotiated the contract, without significant input from the teachers unions, the venture was viewed very favorably. This may have been due in large measure to the fact that the school board's search for a superintendent was the same one used to select previous ones, and thus, many in the district did not view their decision to hire PSG as private management. Also, support for PSG, in particular its president, was fueled by the fact that the PSG president was well known and respected.

In Baltimore, however, the coalition of support was not as strong as in Dade County or Minneapolis. The mayor and the superintendent supported the effort, but there were also strong pockets of opposition. Little effort was made to develop early on a strong coalition of support. In fact, the Baltimore effort was rushed through during the summer with little involvement from major community stakeholders. The teachers unions, for example, were left out of the decision making and some teachers heard about the decision from the news. Because the contract was awarded so late in the summer, EAI had little time to prepare for implementation; thus, school staff may not have been committed to the idea of trying this approach.

The Hartford model, which was to be the most comprehensive effort to date, was met with the strongest level of opposition. Here the effort was perceived as a school

takeover; the fear of job loss was very real. Even though a majority of the school board voted to enter into the EAI contract, the support base was very weak. For example, EAI's proposal to cut the number of teaching positions was not supported by the school board. Lacking support for their proposal, EAI's proposal to cut teachers only escalated an already tense situation. Moreover, the superintendent—key to Baltimore's implementation—had some concerns about the venture and at times was at odds with the private company. The teachers unions, crucial to the success in Dade, told us that they opposed EAI even before EAI came to Hartford.

Clear Expectations and Contract Specificity

We also found that reaching clear agreements on expectations and spelling out those agreements in the contract to be an important lesson. Of the four districts, Minneapolis was the clearest in specifying their expectations for the company in the contract. The Minneapolis/Public Strategies Group (PSG) contract clearly specified the three major goals PSG was to achieve—improve student outcomes, accountability, and community support in the school system. The district specified in their contract, the payment the company would receive if it met the goals and objectives. For example, with respect to improvements in student test scores, the district specified the desired amount of improvement and specified that the company would receive \$65,000 if the goal was achieved.

In Baltimore, the district's strong expectation that EAI address student performance issues was not specified in the contract. Also, Baltimore's expectation that the company save the school system money in non-instructional services and redirect those savings back into the classrooms, was not specified in the contract. What Baltimore did specify, however, was that EAI manage the 9 schools and implement its Tesseract approach.

This was also true of the Dade County contract. The contract clearly specified that EAI implement Tesseract as well as the particulars surrounding EAI's fundraising activities. However, the district did not specify education outcomes in their contract with EAI.

The Hartford scenario is perhaps the clearest example of what can happen with contracts that are not clear to both parties. Hartford and EAI could not agree on the basic interpretation of the contract. At the time of our study, the two were embroiled in a contract dispute. For example, although EAI had provided the district with services under the contract, there were also differences of opinion about the circumstances under which the company should be paid.

Agreement Early As to Measures of Success

All districts intended to evaluate the success of their privatization efforts, but only one district--Minneapolis--specified how success would be measured in their contract. The Minneapolis/PSG contract defined the performance indicators and the timeframe in which the desired outcome was expected. The contract also specified that PSG develop baseline data so that the district could assess PSG's performance in certain areas. For example, with respect to the goal of improving community support for the schools, the district contract specified the amount of improvement desired in terms of community perception about the quality of the education. At the time of our study, the district reported improvement in this area, as measured through surveys. However, PSG was not paid because the amount of improvement was lower than what was specified in the contract.

Although Dade County, Baltimore, and Hartford districts discussed evaluation, none agreed upon the specifics of evaluation early on; that is what would be measured, how it would be measured, and the expected level of improvement. Although these three district failed to specify the measures in their contract, the lack of specificity was of particular concern in Baltimore. Some in the district were concerned that the company was being paid with school district funds without evidence that it had produced results.

Closing

The above discussion highlights the three lessons we found to be of critical importance. Depending on the unique circumstances of a district, some may be more important than others. Nevertheless, we believe that all three are play a critical role in implementing a venture that is sometimes intensely controversial.

A strong, supportive, coalition is important to getting the effort of the ground. Clear documentation of expectations between both parties in the contract is necessary because the contract is the road map. Finally, a strategy for evaluation is necessary to determine if the venture is meeting expectations.